

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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R 242030Z FEB 76

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 6159

AMEMBASSY CARACAS

C O N F I D E N T I A L SANTO DOMINGO 885

E.O. 11652: GDS

TAGS: ENRG, DR

SUBJ: PETROLEUM: DOMINICAN DISCUSSIONS WITH VENEZUELA

REF: 75 SANTO DOMINGO 4589

1. LOCAL PRESS REPORTS CONTUMNATIONS BEGAN IN CARACAS
TODAHQAT A MEETING OF THE DOMINICAN-VENEZUELAN TRADE COMMISSION
ON FUTURE VENEZUELAN PETROLEUM SALES TO THE DR. ACCORDING TO
VARIOUS ACCOUNTS, THE TALKS MAY ALSO CONSIDER VENEZUELA'S
BUILDING A FERTILIZER PLANT AND/OR SUGAR REFINERY AND VENEZUELA'S
OBTAINING A CONCESSION FOR THE EXPLORATION OF PETROLEUM IN
THE DR.

2. WHAT APPEARS LIKELY, HOWEVER, TO BE THE SUBJECT MOST
SERIOUSLY DISCUSSED WILL BE THE SALE OF VENEZUELAN OIL TO THE
DR PARTIALLY ON CREDIT IN EXCHANGE FOR A LONG-TERM PURCHASE
COMMITMENT. AS REPORTED REFTEL GODR OFFICIALS HAVE INDICATED
UNTIL NOW THAT VENEZUELAN OFFERS OF CREDIT SALES HAVE BEEN AT
OR NEAR COMMERCIAL RATES OF INTEREST.

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3. SOURCES CLOSE TO THE DOMINICAN MEMBERS OF THE COMMISSION ARE

QUOTED BY EL CARIBE AS SAYING THAT IN ORDER FOR VENEZUELA TO
ENTER INTO AN ARRANGEMENT FOR FINANCING PETROLEUM SALES TO THE

DR THE LATTER WILL NEED TO SET UP A STATE TRADING CORPORATION.
SUCH AN ENTITY, IT IS REPORTE, WOULD HANDLE ALL PETROLEUM
IMPORTS WHETHER TO STATE OR PRIVATELY-OWNED ENTERPRISES INASMUCH
AS VENEZUELA QUOTE WOULD NOT BE ABLE TO FINANCE OR SELL
DIRECTLY TO FALCONBRIDGE OR SHELL UNQUOTE.

4. US-OWNED FALCONBRIDGE'S FERRONICKEL MINING AND SMELTING
PLANT HAS ITS OWN OIL PIPELINE INLAND TO ITS MINE SITE. SHELL
IS HALF OWNER WITH GODR OF THE COUNTRY'S ONLY OIL REFINERY.

5. GODR IS REPRESENTED IN TALKS BY FORMER FINANCE SECRETARY
CARLOS SELIMAN, NOW SECRETARY OF STATE WITHOUT PORTFOLIO, WITH
THE TITLE OF ECONOMIC ADVISOR TO THE PRESIDENCY; DR. MILTON
MESSINA, PROMINENT LAWYER, WHO IS CHAIRMAN OF THE GODR'S FOREIGN
TRADE COMMISSION; AND ALFONSO LOCKWARD, TECHNICAL SECRETARY OF
THE PRESIDENCY.

6. EMBASSY WOULD APPRECIATE ANY INFORMATION WHICH CARACAS MAY
DEVELOP ABOUT THE DISCUSSIONS.
HURWITCH

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